

CITY OF EAU CLAIRE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2005

Net change in fund balances - total governmental funds	\$ (1,143,983)
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of these assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the amount
by which capital outlays exceeded depreciation in the current period.

Capital outlay is capitalized in the government-wide statements	9,458,327
Some functional expenditures are capitalized	713,611
Some capital outlay is not capitalized in the government-wide statements	(963,722)
Depreciation is reported in the government-wide statements	(6,163,728)

Developer contributed assets are reported in the government-wide statements.	128,003
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In the statement of activities, only the gain or loss (\$620,866) on the disposal of capital assets is reported. In the fund financial statements, proceeds from the sale of capital assets (\$68,695) are reported because the proceeds increase financial resources.	(689,561)
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Special assessments are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. This is the amount of special assessment recognized as revenue on the fund statement and was recognized in the government-wide statement in prior years.	(1,893,167)
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Special assessments are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. This is the amount of new special assessments in 2005 that are recognized as deferred revenue in the fund statement and are recognized as revenue in the government-wide statement this year.	1,341,554
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Receivables that may be uncollectible are recorded in deferred revenue on the fund statements and do not require an allowance. On the government-wide statements an allowance for uncollectible accounts is necessary to offset the revenue that was recognized when earned on the government-wide statements.	(397,647)
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Receivables that are not received within 60 days of year end are recorded as deferred revenue on the fund statements but are recognized as revenue when earned in the government- wide statements. This is the amount of revenue recognized on the fund statements that was recognized in the government-wide statement in prior years.	(877,452)
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Receivables that are not received within 60 days of year end are recorded as deferred revenue in the fund statements. These amounts are recognized as revenue in the government-wide statements.	
Accounts receivable	27,346
Grants receivable	410,420
Interest receivable	28,296

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of principal payments paid.	5,881,502
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Issuing debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount of debt issued during the year.	(7,290,000)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount is the change in the following liabilities.	
Compensated absences	(32,721)
Unfunded pension liability	(329,787)
Duty disability liability	54,116
Police and fire pension liability	31,534
Interest on long-term debt in the statement of activities differs from the amount reported in the fund financial statements because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities interest expense is recognized as the interest accrues regardless of when it is due.	(12,117)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences:	
Premium on new debt	(47,303)
Debt issuance costs on new debt	38,854
Amortization of debt issuance costs	(8,409)
Amortization of premium	8,628
Internal service funds are used by management to charge the costs of risk management and central equipment to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	141,988
Governmental funds report repayments of housing loans and notes receivables as revenue and issuing new housing loans as expenditures. However, in the statement of activities, these amounts are not reported as revenue and expenses.	
New loans recognized as expenditures on fund statements	569,774
Repayment principal on loans and note recognized as revenue on fund statements	<u>(505,808)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,521,452)</u>

See accompanying notes to financial statements.